

Message Text

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ORIGIN XMB-04

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ARA/CAR:CLARKNORTON (INFO)

XMB:JDBIERMAN

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FM SECSTATE WASHDC

TO AMEMBASSY GEORGETOWN

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E.O. 11652: N/A

TAGS: BPRO

SUBJ: FCIA CREDIT INSURANCE REQUEST FOR SALE OF GRAINS AND ANIMAL
FEEDS TO GUYANA STOCKFEEDS, INC.

1. WE HAVE REQUESTS FROM CONTINENTAL MILLING CORP. AND AGRO-TECH
INTERNATIONAL FOR RENEWAL OF INSURANCE COVERAGE OF SALES TOTALLING
\$480,000 FOR GRAINS AND ANIMAL FEEDS TO GUYANA STOCKFEEDS.

2. IN 1973, THE SUBJECT BUYER INCURRED A LOSS OF GUYANA \$905,000 DUE
TO GOVERNMENT IMPOSED FIXED SELLING PRICES ON FEED GRAINS. IN FEB.
1974, THE GOVERNMENT GRANTED THE SUBJECT BUYER A SUBSIDY OF
U.S. \$48.00 PER SHORT TON. WE HAVE LIMITED INFORMATION ON THE
STATUS OF THE SUBSIDY. INDICATIONS ARE THAT IT WILL BE CONTINUED,
BUT AT A REDUCED RATE. THE 1975 GUYANA BUDGET REPORT (P. 76)
INDICATES THE 1975 SUBSIDY TO BE GUYANA \$3,480,000. WE NEED
APPRAISAL OF FIRMNESS OF REFERENCED SUBSIDY.

3. ALSO, THE GOVERNMENT APPEARS TO BE FOLLOWING A POLICY OF NATIONAL-
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IZING FIRMS IN KEY ECONOMIC SECTORS (ALCAN, REYNOLDS). DOES

EMBASSY ANTICIPATE NATIONALIZATION OF SUBJECT BUYER DUE TO ITS IMPORTANCE TO THE LOCAL ECONOMY?

4. TO DATE, WE HAVE HAD GUARANTEE OF BUYER'S FORMER PARENT COMPANY, GUYANA INDUSTRIAL HOLDINGS LTD., GEORGETOWN. BOTH INSUREDS ALLEGE GUARANTEE NO LONGER AVAILABLE BECAUSE LATTER FIRM RECENTLY RELINQUISHED ITS MAJORITY CONTROL IN SUBJECT BY REDUCING EQUITY INTEREST FROM 51 PERCENT TO 49 PERCENT. CAN EMBASSY CONFIRM THAT GUYANA INDUSTRIAL HOLDINGS CAN NO LONGER GUARANTEE GUYANA STOCKFEEDS' OBLIGATIONS? IF GUARANTEE IS STILL AVAILABLE, CAN EMBASSY PROVIDE FINANCIAL DATA ON GUARANTOR? WE WOULD BE INTERESTED IN KNOWING WHAT GUARANTOR'S ASSETS CONSIST OF OTHER THAN ITS INVESTMENT IN GUYANA STOCKFEEDS.

5. IN VIEW OF CONTROL EXERTED BY GOVERNMENT OF GUYANA ON BUYER'S OPERATIONS, CAN EXIMBANK REASONABLY ASK FOR A GUARANTEE OF MINISTRY OF FINANCE OR CENTRAL BANK? KISSINGER

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